

To: Whitefish Core Group  
From: Conservation Partners, Marty Zeller  
Date: March 22, 2010  
Re: Implementation of Whitefish Neighborhood Plan

The purpose of this proposed scope of work is to implement key portions of the Whitefish Neighborhood Plan in the next year and in that process establish the key approaches, structures and relationships that will guide implementation for the remaining areas in the Neighborhood Plan. The Neighborhood Plan is based on the objective of creating a set of transactions that meet community land conservation and recreation objectives while generating revenue for State Trust Lands from both transactions and compatible uses. The new revenue streams will enhance returns to Trust Lands above those possible from traditional uses of these lands. The transactions will be designed to both generate significant revenue from the transfer of interests in lands and sustainable revenue streams from compatible uses of these lands that can be obtained from a variety of private, nonprofit and community uses. Properly structured, these transactions will create “win/win” results for the community and State Trust Lands. The process proposed here is a “design-build” process that will utilize the creative energy of community and State Trust Lands representatives, working with an experienced consultant team, to craft and execute mutually beneficial actions that implement the plan.

To achieve successful results will require that key actors from both the community and State Trust Lands be constructive, open-minded representatives that are willing to be flexible and creative, yet focused, in how goals are achieved. A key challenge of the process is to define and create a Community Stewardship Entity (CSE) or capacity that can structure transactions on behalf of the community and provide oversight of land interests or responsibilities that the community acquires as a result of the transactions. This capacity may include a continuing role for the Core Group, a set of partners such as land trusts, working together to perform critical tasks and potentially a new entity designed to perform functions that may require a new community capacity. Through work to implement actions in two key subareas of the Neighborhood Plan, the requirements and definition of the community capacity will be identified and refined.

The products of this process will be initiated actions (i.e. letters of interest signed by parties) for implementation of two subarea plans and the definition and creation of structures necessary to complete the full implementation of the Neighborhood Plan over the next ten years. In addition, the process will define how funds raised by real estate transactions will be utilized and leveraged and define an economic framework for valuing community recreational interests that will be negotiated during the process.

In order to be successful, the use of creative real estate, land protection and land management approaches will be required and will need to be tailored to local circumstances and opportunities. The process will be designed so that actions and recommendations on at least two subareas can be made to the State Land Board prior to December 2010. We believe that a well-structured process that organizes the many elements that need to be coordinated and addressed can be successful and demonstrate

the potential of the community and state partnership for this and other projects. Through the actions taken through this process, the seemingly contradictory objectives of the community and State Trust Lands can be integrated through common sense, practical solutions.

The consultant group will be led by Conservation Partners, a Denver based land planning and conservation firm that has worked with many communities, landowners and land trusts throughout the Rocky Mountain states to craft innovative solutions that protect community resources. Marty Zeller, president of Conservation Partners, will be the lead for the project. He will be assisted by two local team members. These include Diane Conradi, a Whitefish attorney with expertise in Trust Land's policies and transactions. In addition, the team will hire a part-time coordinator to handle communications and contacts with partner entities. Identified below is a preliminary scope of work to complete these tasks.

## Whitefish Implementation Plan

### Scope of Services: Tasks

1. *Review of Neighborhood Plan by Core Group*

In preparation for a meeting with the Core Group, the consultants will prepare an analysis of elements in the Neighborhood Plan and actions that have been taken since the plan was adopted. In addition, the review will revisit the recommendations for each area and adjust or revise some of those protection strategies and approaches to fit new realities. The Core Group and the consultants will meet on a conference call to review the results of this analysis and define a list of components that need to be addressed in order to implement any of the recommendations for areas of the plan. After reviewing each of the subareas, the Core Group will address which of the areas have key attributes that could lead to successfully undertaking implementation actions. Factors such as: motivated partners, importance to the community, income generating opportunities, adjacent landowner opportunities, importance to the trail, etc. will be evaluated for each area in order to more systematically choose those areas that are most likely to be successful. A key objective of this conference meeting will be an effort to prioritize implementation efforts to focus on two of the subareas identified in the plan.

2. *Define Implementation Strategies for Two Focus Areas*

The consultant group will review the efforts at implementation for the two focus areas and develop a more detailed implementation approach for each area. This implementation approach will be sent to the Core Group for their review.

3. *Consultant Reconnaissance of Focus Areas and Meetings with Key Actors related to Success in the Focus Areas and Overall Implementation*

The consultant group will spend four to five days in the Whitefish area meeting with the Core Group and all of the constituent and related parties that have a

bearing on the success of implementation efforts in the two focus areas and on overall implementation structures. A meeting with the Core Group in order to ensure that the approach and process meet their objectives will be held at the beginning of the reconnaissance. A list of key constituent groups and their representatives will be assembled beforehand and appointments set up with each. Each of the meetings will be structured with a set of general questions and then specific issues to be covered relating to the particular groups involvement. The meetings will be used to gain reaction to a preliminary set of implementation actions. At a minimum the following groups will invited to participate: recreational and trail users (bikers, hikers, hunters, etc.), local jurisdictions, adjacent landowners, homeowners groups, timber companies, DNRC representatives, State Trust Lands beneficiaries, and other governmental land managers such as the Forrester Service. The consultant group will complete the process by conducting a meeting with the Core Group that summarizes findings from these meetings and identifying in greater detail the next stage of work to be performed.

4. *Detailed Development of Focus Area Options*

Based on the feedback and input from the Core Group and key parties, the consultants will develop a strategic transaction approach that covers the following items: trail plan and strategy for focus areas; land protection strategy; management funding and capacity options; DNRC compensation funding options; coordination of governmental approval processes; identification of partners and their capacity for use, funding and management, including recreational users (bikers, hikers, hunters, nature study), jurisdictions, adjacent landowners, homeowners groups, schools, youth groups; timber and mining opportunities; mitigation services opportunities; special events; transaction approach and players and privatization strategy for lands that may be sold to third parties. A key element of the focus area strategies will be to explore developing partnerships among entities and organizations that can assist with the realization of the plan. The consultant group will put together the detailed implementation strategy for review by the Core Group.

5. *Community Stewardship Entity*

As part of the initial transactions to secure the two focus areas, a community stewardship entity (CSE) or capacity will be developed with the responsibility of ensuring that the interests that are acquired are properly managed and maintained.

The CSE may perform management itself or more likely have agreements with other land managers to maintain its land interests in certain ways. The CSE will be the community face for ensuring the responsible stewardship of the community negotiated lands or interests. This responsibility should engage local residents in protecting and maintaining the precious community resources that have been secured. The CSE will require community funds and volunteers but will offer substantial benefits to the community in terms of preserving the special quality of life that residents of the area enjoy.

6. *Research Agenda*  
The consultants will conduct research on a set of items that are agreed to by the Core Group that are critical to success of the process. These kinds of issues include such items as: liability issues on management of public lands, streamlining of MEPA process, community stewardship structures, etc.
7. *Review by Core Group of Focus Area Strategies*  
The consultant and Core Group will meet to systematically review the focus area strategies, results of the research items and refine these so that they best take advantage of opportunities posed by the project. The consultant group will further refine the strategies and develop a number of visuals to present to the larger public.
8. *Refinement of Focus Area Strategies*  
Based on input from the Core Group will refine the strategy and craft a powerpoint presentation of the recommendations for a public meeting.
9. *Presentation to Public*  
The consultant group will present the draft public presentation to the Core Group for review. The presentation will be edited as necessary and the implementation strategy presentation will be reviewed at a public meeting in Whitefish to obtain public input and buy-in to the concepts and strategy underlying the plan. Based on public reaction, the plan may be modified to improve its potential effectiveness.
10. *Structuring of Land Protection and Management Transactions*  
Based on the direction developed in the implementation strategy, the consultant group, or a transaction entity identified in the process, will work with the Core Group in conducting the negotiations necessary to implement the Neighborhood Plan in the two focus areas. The negotiations will be conducted on behalf of the community and DNRC and be responsive to the Core Group on key elements of a proposed transaction. All transactions would be structured as firm commitments with the condition of Core Group approval in order to move forward. They may also be conditioned on fundraising targets that may be identified in the contracts. In any event, land or interests in land would be acquired pursuant to the Neighborhood Plan and a holding or stewardship entity defined for the purpose of providing oversight to these interests. While permanent agreements are desirable, longer term agreements of ten or more years may also be negotiated based on the interests of the parties to a transaction. Management entities and agreements would be developed as part of the transaction so that there would be a smooth transition to community stewardship of the land or interests in land.
11. *Public Meeting #2 and Coordination with Public Approval Processes*  
The consultant group will present a draft public presentation to the Core Group for review. The presentation will highlight the elements of the proposed strategy

for the two focus areas and recommendations for creation of the structural components of the community component. The presentation will take place at a public meeting in Whitefish in order to obtain public input and buy-in to the concepts, strategy and initial agreements underlying the implementation approach. Based on public reaction, the plan may be modified to improve its potential effectiveness. In addition, the consultant group will plan to present its proposed strategy to Whitefish, Flathead County and other local government agencies that may require approval of the transactions prior to their implementation. The purpose of these sessions will be information sharing with the objective of gaining support for the proposed actions from the local jurisdictions.

*12. Assemble Package and Present to State Land Board*

The Consultant Group will assemble the elements of the transactions for the two focus areas for a full review by the Core Group. These will be reviewed on one or more conference calls and modified based on such input. A presentation by the community, DNRC and the consultant group will be made to a regular meeting of the State Land Board. The intent of the meeting will be to obtain a resolution supporting the implementation approach and understanding of any issues that might concern Land Board members. The objective of this meeting would be to obtain sufficient buy-in from the Land Board that negotiations and transactions for the two focus areas could proceed to conclusions.

*13. Proceed with Implementation of Strategic Actions (Optional)*

Based on directions from the State Land Board and the Core Group, the consultant team will move to complete the transactions that have been approved.

*14. Annual Review (Optional)*

Within a year of launching the implementation program, the Core Group will conduct an annual review of activities undertaken to implement the Neighborhood Plan. Such review may recommend modifications to the implementation approach or entities charged with the responsibility of moving forward. Based on this review it may be advisable to have a community meeting to review progress and obtain feedback and buy-in to the actions taken.

## **DELIVERABLES**

- 1. Initiated actions for implementation of two subarea plans (Letter of Interest)**
- 2. Definition and creation of structures**
- 3. Definition of how funds raised by real estate transactions will be leveraged**
- 4. Define a framework for economic valuation of community recreational interests.**

## **FEE ESTIMATE**

The chart below identifies a fee estimate to perform the tasks identified above to complete the project. The fee for Marty Zeller's services is \$175/hr. and for Diane Conradi is \$150/hr. These

rates represent a significant discount from rates charged for regular clients. It is estimated that the coordinator can be hired for approximately \$15/hr. All tasks shall be billed on a time and materials basis up to the amounts identified below which are the maximum amounts that can be billed per task.

1. Start-Up and Review Plan	\$2,500
2. Define Strategies	\$4,550
3. Whitefish Meetings	\$10,600
4. Develop Focus Area Options	\$6,600
5. Community Stewardship Entity	\$1,300
6. Research Agenda	\$5,900
7. Core Group Review	\$1,300
8. Refine Focus Area Strategy	\$4,000
9. Public Presentation	\$3,400
10. Structure Transactions	\$5,200
11. Public Meeting #2 & Public Approvals	\$7,500
12. Land Board Presentation	\$3,400
13. Implement	NA
14. Annual Review	NA
15. Assistant (40hrs@\$15/hr.)	\$600

<b>Total Fees</b>	<b>\$56,850</b>
Reimbursable Expenses (est. 12% of fees)	\$6,822

<b>Total Fees and Expenses</b>	<b>\$63,672</b>
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A retainer in the amount of \$5,000 is requested in order to begin work. All invoices shall be for actual work performed plus expenses at actual cost.

If this scope of services and fee estimate is agreeable to you, I will put this scope of work in a letter contract for your signatures. The letter of agreement will commit both parties to the performance of the identified tasks. Thanks very much for considering Conservation Partners for these services.

CONSERVATION PARTNERS, INC.

By: \_\_\_\_\_  
Marty Zeller, President

\_\_\_\_\_ Date